

1 HOUSE BILL NO. 11

2 INTRODUCED BY KASTEN

3 BY REQUEST OF THE DEPARTMENT OF COMMERCE AND THE OFFICE OF BUDGET AND PROGRAM
4 PLANNING5
6 A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF
7 COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS
8 THROUGH THE TREASURE STATE ENDOWMENT PROGRAM AND APPROPRIATING MONEY TO THE
9 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR FINANCIAL ASSISTANCE TO
10 REGIONAL WATER AUTHORITIES FOR REGIONAL WATER PROJECTS; AUTHORIZING GRANTS FROM
11 THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT; APPROPRIATING FUNDS FROM
12 THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT;
13 PLACING CONDITIONS UPON GRANTS AND FUNDS; APPROPRIATING MONEY TO THE DEPARTMENT
14 OF COMMERCE FOR EMERGENCY GRANTS; TERMINATING CERTAIN TREASURE STATE ENDOWMENT
15 GRANTS; AMENDING SECTION 1, CHAPTER 213, LAWS OF 1995; REPEALING SECTION 9, CHAPTER 435,
16 LAWS OF 2001; AND PROVIDING EFFECTIVE DATES."17
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:19
20 NEW SECTION. **Section 1. Appropriations from treasure state endowment special revenue**
21 **account.** (1) There is appropriated to the department of commerce the interest earnings of the treasure state
22 endowment special revenue account to finance grants authorized by this section.23 (2) The funds appropriated in this section must be used by the department to make grants to the
24 governmental entities listed in subsection (3) for the described purposes and in amounts not to exceed the
25 amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections 1
26 through 3] and described in the treasure state endowment program 2005 biennium report to the 58th legislature.
27 The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsection (3). The
28 department shall commit funds to projects listed in subsection (3), up to the amounts authorized, based on the
29 manner of disbursement set forth in [section 3] until interest earnings deposited into the treasure state
30 endowment special revenue account during the 2005 biennium are expended.

1 (3) The following applicants and projects are authorized for grants in the order of their priority:

2 Applicant/Project Grant Amount	
3 1. Lewis and Clark County (bridge)	\$170,575
4 2. Judith Basin County/Geyser District (water)	330,000
5 3. Madison County (bridge)	174,529
6 4. Chinook, City of (wastewater)	500,000
7 5. Sweet Grass County (bridge)	235,954
8 6. Stillwater County (bridge)	500,000
9 7. Power-Teton County District (water)	500,000
10 8. Richland County (bridge)	351,625
11 9. Stanford, Town of (water)	500,000
12 10. Hamilton, City of (water)	500,000
13 11. Troy, City of (water)	500,000
14 12. Scobey, City of (wastewater)	500,000
15 13. Missoula, City of (wastewater)	500,000
16 14. Blaine County (bridge)	322,782
17 15. Upper-Lower River Road District (water and wastewater)	500,000
18 16. Polson, City of (water)	500,000
19 17. Conrad, City of (water)	500,000
20 18. Glendive, City of (storm water)	139,133
21 19. Sheaver's Creek District (water)	500,000
22 20. Gallatin County (bridge)	500,000
23 21. Gardiner/Park County District (water)	500,000
24 22. Phillips County Green Meadow District (water)	112,500
25 23. Geraldine, Town of (water)	500,000
26 24. Missoula County (wastewater)	499,335
27 25. Ramsay County District (water)	255,000
28 26. Cooke City-Park County District (water)	500,000
29 27. Worden-Ballentine <u>WORDEN-BALLANTINE</u> District (water)	500,000
30 28. Wolf Point, City of (wastewater)	500,000

1	29. Ryegate, Town of (water)	478,700
2	30. Cascade County (bridge)	230,840
3	31. Libby, City of (water & wastewater)	500,000
4	32. Beaverhead County District-Wisdom (wastewater)	500,000
5	33. Hill County (bridge)	175,803
6	34. Jordan, Town of (water)	459,883
7	35. Pablo-Lake County District (wastewater)	500,000
8	36. Ekalaka, Town of (wastewater)	154,197
9	37. Pondera County (bridge)	137,500
10	38. Black Eagle District (wastewater)	214,200
11	39. Lake County Solid Waste District (solid waste)	500,000
12	40. Sheridan County (bridge)	210,775
13	41. Whitefish, City of (water)	500,000
14	42. Belgrade, City of (wastewater)	500,000
15	43. Yellowstone County (bridge)	172,710

16 (4) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant
 17 recipients listed in subsection (3) for purposes of encumbering the treasure state endowment special revenue
 18 account funds received during the 2005 biennium under 17-7-302. However, a grant recipient's entitlement to
 19 receive funds is dependent on the grant recipient's compliance with the conditions described in [section 3(1)]
 20 and on the availability of funds.

21 (5) If funds deposited into the treasure state endowment special revenue account during the biennium
 22 ending June 30, 2005, are insufficient to fully fund the projects numbered 1 through 40 in subsection (3) that
 23 have satisfied the conditions described in [section 3(1)] by June 30, 2005, THE 59TH LEGISLATURE IS ENCOURAGED
 24 TO GIVE PRIORITY TO FUNDING these projects ~~will be funded~~ from deposits into the treasure state endowment
 25 special revenue account made during the 2007 biennium, before projects authorized by the 59th legislature
 26 receive funding from the account. However, any of the projects numbered 1 through 40 listed in subsection (3)
 27 that have not completed the conditions described in [section 3(1)] by January 1, 2005, must be reviewed by the
 28 next regular session of the legislature to determine if the authorized grant should be withdrawn.

29 (6) Projects numbered 41 through 43 listed in subsection (3) that have satisfied the conditions described
 30 in [section 3(1)] may not receive grant funds unless sufficient funds have been deposited into the treasure state

1 endowment special revenue account to fully fund the projects numbered 1 through 40 in subsection (3).
2 However, if a subsequent legislature withdraws funding for any of the projects numbered 1 through 40 listed in
3 subsection (3), those funds could be made available to projects numbered 41 through 43 listed in subsection
4 (3) that have completed the conditions described in [section 3(1)], unless that subsequent legislature designates
5 that those funds are to be used to fund applications under its review.

6 (7) In the event that any remaining funds deposited into the treasure state endowment special revenue
7 account are insufficient to fully fund one of the grant recipients listed in subsection (3), the department may make
8 the remaining funds from the treasure state endowment special revenue account available to the grant recipient
9 on condition that the grant recipient is able to firmly commit the balance of the amount necessary to fund the
10 project in its entirety.

11
12 **NEW SECTION. Section 2. Approval of grants -- completion of appropriation.** (1) The legislature,
13 pursuant to 90-6-701, authorizes grants for the projects identified in [section 1(3)].

14 (2) The authorization of these grants completes an appropriation from the treasure state endowment
15 special revenue account provided for in 17-5-703(4)(c).

16
17 **NEW SECTION. Section 3. Conditions and manner of disbursement of grant funds.** (1) The
18 disbursement of grant funds under [sections 1 through 3] for the projects specified in [section 1(3)] is subject to
19 completion of the following conditions:

20 (a) The grant recipient shall execute a grant agreement with the department of commerce.

21 (b) The scope of work and budget for the project as approved by the department in the grant agreement
22 must be consistent with the intent and circumstances under which the application was originally ranked by the
23 department and approved by the legislature. The department may not approve amendments to the scope of work
24 or budget affecting activities or improvements that would materially alter the intent and circumstances under
25 which the application was originally ranked by the department and approved by the legislature.

26 (c) The grant recipient must have a project management plan that is approved by the department.

27 (d) The grant recipient shall document that other matching funds required for completion of the project
28 are firmly committed.

29 (e) The grant recipient must be in compliance with the auditing and reporting requirements provided
30 for in 2-7-503 and have established a financial accounting system that the department can reasonably ensure

1 conforms to generally accepted accounting principles. Tribal governments shall comply with auditing and
 2 reporting requirements provided for in OMB Circular A-133.

3 (f) The grant recipient shall satisfactorily comply with any conditions described in the application
 4 (project) summaries section of the treasure state endowment program 2005 biennium report to the 58th
 5 legislature.

6 (g) The grant recipient shall satisfy other specific requirements considered necessary by the department
 7 to accomplish the purpose of the project as evidenced by the application to the department.

8 (2) The department shall commit grant funds to projects authorized in the order of priority listed in
 9 [section 1(3)] to grant recipients that have met the conditions in subsection (1) as treasure state endowment
 10 special revenue account interest income becomes available during the 2005 biennium.

11 (3) If a grant recipient authorized in [section 1(3)] has not met the conditions in subsection (1), the
 12 department shall move down the list of projects in the order of priority listed in [section 1(3)] to the next project
 13 that has met the conditions in subsection (1).

14 (4) The department may not commit grant funds to a grant recipient authorized in [section 1(3)] unless
 15 sufficient funds will be available in the treasure state endowment special revenue account.

16 (5) The department shall disburse grant funds on a reimbursement basis as grant recipients incur
 17 eligible project expenses.

18 (6) In the event that actual project expenses are lower than the projected expense of the project, the
 19 department may, at its discretion, reduce the amount of treasure state endowment program grant funds to be
 20 provided to grant recipients in proportion to all other project funding sources. In the alternative, the department
 21 may authorize the use of the remaining authorized treasure state endowment program grant amount for the
 22 construction of additional, directly related components that will further enhance the overall system.

23 (7) In the event that actual project expenses are lower than the projected expense of a project as
 24 presented in the grant recipient's treasure state endowment program application, the department may, at its
 25 discretion, reduce the amount of treasure state endowment program grant funds to be provided so that the grant
 26 recipient's projected average residential user rates do not become lower than their target rate as determined by
 27 the department.

28
 29 **NEW SECTION. Section 4. Appropriations from treasure state endowment regional water system**
 30 **special revenue account.** (1) There is appropriated to the department of ~~commerce~~ NATURAL RESOURCES AND

1 CONSERVATION the interest earnings of the treasure state endowment regional water system special revenue
2 account to finance the state's share of regional water system projects authorized by this section and as set forth
3 in 90-6-715.

4 (2) The dry prairie rural water authority and the north central Montana regional water authority are
5 authorized to receive funds.

6 (3) Up to \$3,865,333 is authorized for the 2005 biennium to provide the state's share for regional water
7 system projects.

8 (4) A regional water authority's receipt of funds is dependent on the authority's compliance with the
9 conditions described in [section 6(1)].

10 (5) This section constitutes a valid obligation of funds to the regional water authorities listed in
11 subsection (2) for purposes of encumbering the treasure state endowment regional water system special
12 revenue account funds received during the 2005 biennium under 17-7-302.

13

14 NEW SECTION. Section 5. Approval of funds -- completion of appropriation. (1) The legislature,
15 pursuant to 90-6-715, authorizes funds for the regional water authorities identified in [section 4(2)].

16 (2) The authorization of these funds completes an appropriation from the treasure state endowment
17 regional water system special revenue account provided for in 17-5-703(4)(d).

18

19 NEW SECTION. Section 6. Conditions and manner of disbursement of funds. (1) The
20 disbursement of funds under [sections 4 through 6] is subject to completion of the following conditions:

21 (a) The regional water authority shall execute an agreement with the department of ~~commerce~~ NATURAL
22 RESOURCES AND CONSERVATION.

23 (b) The regional water authority must have a project management plan that is approved by the
24 department.

25 (c) The regional water authority shall establish a financial accounting system that the department can
26 reasonably ensure conforms to generally accepted accounting principles.

27 (d) The regional water authority's project must be authorized by the federal government.

28 (2) The department shall disburse funds on a reimbursement basis as the regional water authority incurs
29 eligible project expenses. The regional water authority shall document that local matching funds are committed
30 in equal proportion to the department's disbursement.

1
2 NEW SECTION. **Section 7. Appropriations from treasure state endowment special revenue**
3 **account for emergency grants.** (1) There is appropriated to the department of commerce \$100,000 for the
4 biennium beginning July 1, 2003, from the interest earnings of the treasure state endowment special revenue
5 account for the purpose of providing local governments, as defined in 90-6-701, with emergency grants for
6 infrastructure projects, as defined in 90-6-701.

7 (2) The projects eligible for emergency grants must be necessary to remedy conditions that if allowed
8 to continue until legislative approval could be obtained would endanger the public health or safety and expose
9 the applicant to substantial financial risk.

10 (3) The department may not make an emergency grant if it determines that through the implementation
11 of reasonable management practices, the applicant can forestall the risks to health or safety until the legislative
12 approval can be obtained.

13 (4) The department shall inform the governor and the legislative finance committee of emergency grants
14 that are awarded during the biennium.

15
16 **SECTION 8. SECTION 1, CHAPTER 213, LAWS OF 1995, IS AMENDED TO READ:**

17 **"Section 1. Appropriations from the treasure state endowment special revenue account.** (1) There
18 is appropriated to the department of commerce the interest earnings of the treasure state endowment special
19 revenue account to finance grants authorized by this section.

20 (2) The funds appropriated in this section must be used by the department to make grants to the local
21 government entities listed in subsection (3) for the described purposes and in amounts not to exceed the
22 amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections 1
23 through 3] and described in the treasure state endowment program January 1995 report to the 54th legislature.
24 The legislature, pursuant to 90-6-710, approves the grants listed in subsection (3), in the order indicated in the
25 list of projects. The department shall award funds up to the amounts approved in this section in order of priority
26 until available funds are expended. The department shall provide funds not accepted or used by local
27 governments with higher-ranked projects to local governments whose projects are in lower positions on the
28 priority list and that would not otherwise receive funding. When additional funds become available for the grants
29 listed in subsection (3), they must be awarded to projects in the order of the projects' priority when the
30 lower-ranked projects meet the startup conditions of the department's grant agreement and are ready to proceed

1 to construction.

2 (3) The following are the authorized projects in the order of their priority:

3	4 Applicant/Project	5 Matching Grant
6	1. Hill County Water Dist. (water)	\$500,000
7	2. <u>1.</u> East Glacier Wtr. & Sewer Dist. (water)	306,555
8	3. <u>2.</u> City of Lewistown (water)	500,000
9	4. <u>3.</u> City of Troy (sewer)	500,000
10	5. <u>4.</u> City of Conrad (water)	180,000
11	6. <u>5.</u> City of Whitehall (water)	500,000
12	7. <u>6.</u> Seeley Lake Water Dist. (water)	464,364
13	8. <u>7.</u> City of Hamilton (sewer)	137,632
14	9. <u>8.</u> Gardiner Water Dist. (water)	300,000
15	10. <u>9.</u> City of Thompson Falls (sewer)	400,644
16	11. <u>10.</u> Butte-Silver Bow (sewer)	500,000
17	12. <u>11.</u> Beaverhead County (bridge)	23,000
18	13. <u>12.</u> Powell County (bridge)	51,334
19	14. <u>13.</u> Town of Fairview (water)	500,000
20	15. <u>14.</u> Town of Hysham (sewer)	127,500

21 (4) This section constitutes a valid obligation of funds to the entities listed in subsection (3) for purposes
 22 of encumbering the treasure state endowment special revenue account funds received during the 1997 biennium
 23 under 17-7-302."

24 **NEW SECTION. SECTION 9. REPEALER. SECTION 9, CHAPTER 435, LAWS OF 2001, IS REPEALED.**

26 **NEW SECTION. Section 10. Notification to tribal governments.** The secretary of state shall send
 27 a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
 28 band of Chippewa.

30 **NEW SECTION. Section 11. Effective dates.** (1) Except as provided in subsection (2), [this act] is



1 effective on passage and approval.

2 (2) [Sections 1, 4, and 7] are effective July 1, 2003.

3 - END -